

Message Text

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47

ACTION EB-07

INFO OCT-01 AF-06 EUR-12 EA-09 IO-10 ISO-00 AID-05 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 ABF-01 FSE-00 L-03 AGR-10 /132 W

----- 042239

R 121404Z AUG 75

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 2460

AMEMBASSY BERN

AMEMBASSY BONN

AMCONSUL CAPE TOWN

SMCONSUL DURBAN 3227

AMEMBASSY GABORONE

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

AMEMBASSY MASERU

AMEMBASSY MBABANE

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USDEL MTN GENEVA

USMISSION GENEVA

UNCLAS PRETORIA 3031

PARIS FOR OECD

E.O. 11652: N/A

TAGS: EFIN, SF

SUBJ: FINANCIAL MEASURES TO COMBAT SPECULATION

AGAINST RAND

REF: PRETORIA 2921 AND PREVIOUS

ON AUGUST 11 FINANCE MINISTER HORWOOD ANNOUNCED PACKAGE

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OF MEASURES TO COMBAT SPECULATION AGAINST RAND (REFTEL).

RESERVE BANK GOVERNOR LATER ANNOUNCED CHANGES IN
MONETARY POLICY TO SUPPORT HORWOOD'S PACKAGE. MEASURES
INCLUDE:

(A) INCREASE IN BANK RATE FROM 8 TO 8 1/2 PERCENT.

(B) INCREASE IN LIQUID ASSET REQUIREMENTS OF
COMMERCIAL BANKS.

(C)"APPROPRIATE ADJUSTMENTS" IN RESERVE BANK
TRANSACTIONS IN GOVERNMENT SECURITIES.

(D) CHANGES IN EXCHANGE CONTROL TO ALLOW MORE
BORROWING ABROAD, INCLUDING BORROWING BY AUTHORIZED
FOREIGN EXCHANGE DEALERS.

(E) A DECISION "IN PRINCIPLE" TO MAKE BLOCKED
RAND DIRECTLY TRANSFERABLE BETWEEN NON-RESIDENTS.

(F) FURTHER LIMITATIONS ON LOCAL BORROWING BY
FIRMS CONTROLLED FROM ABROAD.

(G) STRENGTHENED ENFORCEMENT OF EXISTING EXCHANGE
CONTROL REGULATIONS.

(H) EXTENSION FROM SIX TO TWELVE MONTHS OF
MAXIMUM PERIOD FOR WHICH RESERVE BANK WILL OFFER FORWARD
EXCHANGE COVER.

(I) CONSIDERATION OF APPLICATIONS FOR EVEN LONGER
FORWARD COVER FOR IMPORTS OF CAPITAL GOODS WITH LONG
DELIVERY PERIODS.

(J) EXTENSION OF FORWARD COVER TO AUTHORIZED
FOREIGN EXCHANGE DEALERS.

(K) ABOLITION OF REQUIREMENT THAT FORWARD COVER
MAY BE ARRANGED ONLY WITHIN SEVEN DAYS OF CONCLUSION
OF FOREIGN TRANSACTION.

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NNN

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Disposition Event:
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Disposition Reason:
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